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Director and Chief Medical Officer

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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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BOARD OF SUPERVISORS

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November 6, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ESTABLISH CAPITAL PROJECT NO. 86609 FOR HIGH DESERT HEALTH SYSTEM
AMBULATORY SURGERY CENTER; APPROVE CATEGORICAL EXEMPTION AND
APPROVE AND AUTHORIZE CONSTRUCTION**
(5th District) (3 Votes)

JOINT RECOMMENDATION WITH THE CHIEF ADMINISTRATIVE OFFICER AND THE
DIRECTOR OF HEALTH SERVICES THAT YOUR BOARD:

1. Establish Capital Project 86609 for the High Desert Health System (HDHS) Ambulatory Surgery Center (ASC) Renovation Project.
2. Find that the above project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1 (d) of the County of Los Angeles Revised Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987.
3. Approve the project and authorize the Department of Health Services to proceed with the construction work, to be completed through the Internal Services Department's (ISD) Job Order Contracting (JOC) Program, established for the renovation of County facilities. The estimate for construction from ISD including construction change orders is approximately \$365,000. Total project costs are estimated at \$600,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The HDHS ASC renovation project is required to support implementation of the Department of Health Services' (DHS) Strategic Plan, presented to the Board in June 2002. A component of the strategic plan involves the conversion of Los Angeles County High Desert Hospital (LAC-HDH) from a general acute care hospital to a Multi-Service Ambulatory Care Center (MACC). This conversion is part of a comprehensive restructuring program, which DHS has undertaken to address a significant budget deficit that is projected over the next several years.

The Department's strategic plan related to the conversion of LAC-HDH to a MACC reflects a total savings of \$10.2 million, of which, \$3.4 million is in net cost savings and \$6.8 million is from retained SB1255 revenues.

With the closure of inpatient hospital services, the name of the facility has been changed to the High Desert Health System (HDHS). At the present time, there is no California State Department of Health Services licensing category for a MACC. To that extent, two separately licensed entities may be established to provide all of the proposed MACC services. The HDHS Primary Care Clinic will provide primary care services, urgent care, medical and surgical specialty clinics, and ancillary and treatment services. The HDHS ASC will provide outpatient surgery services and special procedures.

DHS is in the process of developing a transition plan to consolidate the current MACC services within the existing hospital facility. The MACC provides a wide range of outpatient services, including urgent care, primary care, specialty care, and outpatient surgery. The HDHS ASC project represents the initial phase in implementing this transition. Additional components of the transition plan including the remodeling of hospital space for urgent care and specialty services will be presented to the Board for approval in the future after further design requirements and preliminary estimates are established. The HDHS ASC project is not dependent on the subsequent implementation of the Primary Care Clinic and can operate independently in the event the Primary Care Clinic is not approved.

To implement the HDHS ASC, it is necessary to re-license the hospital surgery service as a freestanding Ambulatory Surgery Center. To achieve compliance with licensing requirements, an Ambulatory Surgery Center must provide all required public and patient treatment spaces within a contiguous area. The existing hospital surgical service area meets most of the licensing requirements with the exception of admitting, waiting and patient toilet facilities. Additionally at the present, the pre-operation and post-operation holding areas are located on a now closed hospital inpatient unit that is not contiguous to the surgery and recovery area.

To create a contiguous area for the HDHS ASC, the existing Auditorium that is adjacent to the existing recovery room will be remodeled to provide the waiting and admitting functions and a pre-operation and post-operation patient holding space. The proposed project consists of

renovating approximately 1,900 square feet and will include the addition of a new ADA compliant restroom, new partitions/ceilings and modifications to existing electrical, mechanical and plumbing systems. The HDHS ASC project is not expected to have an adverse impact to subsequent improvements needed to house the Primary Care Clinic since the ASC will be completed in advance and away from the Primary Care Clinic area.

State Licensing has reviewed the project and has granted a temporary operating license based on the County's commitment to expedite the completion of the HDH ASC project. Completion of this project will allow DHS to bring the unit into compliance with regulatory requirements. Failure to construct these improvements will result in loss of the license.

Approval of this project will enable HDHS to continue to provide outpatient surgery and special procedure services previously provided at High Desert Hospital and currently provided at the HDHS ASC through a temporary approval granted by the State Department of Health Services conditioned upon the expedited completion of this project.

The HDHS ASC operates 12 hours per day, five days per week and is projected to provide approximately 1,400 outpatient surgeries per year.

IMPLEMENTATION OF STRATEGIC PLAN GOALS:

These actions meet the County's Strategic Plan Goal of Service Excellence by improving Fiscal Responsibility, investing in the public infrastructure, and enhancing the quality and productivity of the County workforce by creating a positive work environment.

CONSISTENCY WITH DHS SYSTEM REDESIGN:

These actions will support the DHS system redesign by expanding access to outpatient services and reconfiguring clinical services in the Antelope Valley to emphasize primary care, urgent care, and specialty services. The conversion of LAC-HDH to a MACC is a key element of the DHS System Redesign proposal presented to the Board in June 2002. Implementation of the HDHS ASC is an essential component of converting LAC-HDH to a MACC.

FISCAL IMPACT/FINANCING:

Total project cost for ASC Phase I is \$600,000, which will be funded with Tobacco Settlement Funds. This includes \$118,000 for the purchase of Fixed Assets required for the project. Funding is included in the FY 03-04 Budget under Capital Project 86609 in the amount of \$4.0 million. The remaining funds will be applied toward the proposed Phase II improvements and addressed in a future Board action.

There will be no direct impact on operating costs as a result of the ASC project. Outpatient surgeries are currently being provided at the facility and have been addressed in the current fiscal year budget. Operational funding for all Phase II services is included in the facility's Board approved FY 2003-04 Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Improvements for the HDHS ASC project are needed to meet State and Federal licensing and certification requirements for an Ambulatory Surgery Center. The HDHS must be certified for participation in both the Medi-Cal and Medicare programs.

Since High Desert is converting from a general acute care hospital to a MACC, the Department of Public Works (DPW) will be responsible for plan approvals, construction inspection and certification. Construction documents have been submitted to DPW Building and Safety Division and are pending approval.

CONTRACTING PROCESS:

Using an existing purchase order set up to provide DHS with as needed design services, Gonzalez/Goodale Architects have completed the design and construction documents.

Construction work will be completed through the Internal Services Department's Job Order Contracting Program, established for the renovation of County facilities. ISD's estimate for construction, including construction change orders, is approximately \$365,000. Total project costs are estimated at \$600,000. Construction work is scheduled to begin in early December 2003 with an estimated completion date in April 2004.

ENVIRONMENTAL DOCUMENTATION:

The proposed project is categorically exempt under California Environmental Quality Act (CEQA) pursuant to Class 1 (d) of the County of Los Angeles Revised Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, because it is limited to renovating approximately 1,900 square feet and will include the addition of a new ADA compliant restroom and new partitions/ceilings and modifications to existing electrical, mechanical and plumbing systems and involves negligible or no expansion of an existing use.

IMPACT ON CURRENT SERVICES:

If the proposed project is not completed, DHS will not be able to continue providing outpatient surgery and special procedures in the Antelope Valley. Patients requiring these services will be required to travel 60 to 75 miles to other DHS facilities. In addition, the inability to provide outpatient surgical services would impact the viability of the HDHS Surgical Specialty Clinics, as the surgical specialists would no longer be able to operate on patient's requiring surgery.

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CONCLUSION:

Upon approval by the Board of Supervisors, the Executive Officer, Board of Supervisors is requested to return adopted copies of this letter to the Chief Administrative Office - Capital Projects Division and Department of Health Services - Contracts & Grants Division.

Respectfully submitted,



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

DAVID E. JANSSEN
Chief Administrative Officer

TLG:DEJ:js:ma

Attachment (1)

c: Internal Services Department
Department of Public Works
County Counsel
Executive Officer, Board of Supervisors

2 ASC B2.DS10-17.WPD

ATTACHMENT A

SCHEDULE AND COST SUMMARY

HIGH DESERT HEALTH SYSTEM AMBULATORY SURGERY CENTER

I. Project Schedule

Project Activity	Scheduled Completion Date
Construction Document Submittal	07-31-03
Jurisdictional Approvals	10-15-03
Construction Start	12-03-03
Beneficial Occupancy	03-04-04
Acceptance of Project	04-05-04

II. Project Cost Summary

Cost Category	Project Budget	Impact of This Action	Revised Project Budget
Plans and Specs*	\$0	\$0	\$0
Plan Review Fees	\$7,000	\$0	\$7,000
Construction	\$315,000	\$0	\$315,000
Change Order Allowance	\$50,000	\$0	\$50,000
Fixed Asset Medical Equipment	\$118,000	\$0	\$118,000
Consultant Services	\$20,000	\$0	\$20,000
ISD Services	\$90,000	\$0	\$90,000
TOTAL	\$600,000	\$0	\$600,000

* Not funded by capital project